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SUBJECT: AJEX EXPO 2003 SELLS JORDAN AS GATEWAY TO IRAQ AND
REGION; KEEPS UP BUZZ ON JORDAN'S QIZ AND FTA ACCESS TO
U.S. MARKET

SENSITIVE BUT UNCLASSIFIED. HANDLE ACCORDINGLY.

1. (SBU) SUMMARY. The American Jordanian EXPO 2003 drew 900 participants to its opening plenary on October 22, focused on the Iraq transit trade, and pitched Jordan as the "gateway" to Iraq and other markets in the region. Sessions on the U.S.-Jordan Free Trade Agreement and qualifying industrial zones (QIZs) put the spotlight on Jordan as a platform to export to the U.S. Lead speakers from the United States included Department of Commerce DAS Molly Williamson and Ambassador Gnehm. Sir Jeremy Greenstock, representing CPA, spoke on "Iraq for the Iraqis" to a rapt, standing-room-only audience. The conference-exhibition featured 52 trade booths selling products from the U.S. and Jordan, but also included businesses from Iraq seeking trade or investment. As a vehicle for more private sector focus on Iraq, AJEX was a success, drawing participants from China, Russia, Canada, Europe, and South Africa. As a venue to pitch Jordan and its American FTA advantages, including American products now competitively priced in Jordan, AJEX got mixed reviews. Jordanian officials know how to "stay on message", but the message may need a re-write or a few new messengers. Aside from a few high-level speakers, the American representation at AJEX lacked depth. If AJEX is to survive into a third year as evidence of U.S. support for Jordan's economic reform agenda and path to export-led growth, more Americans, including officials, will have to show up next time. END SUMMARY.

Many Parts, Including a Talk on Iraq for the Iraqis

2. (U) AJEX kicked off the evening of October 21 with a reception sponsored by the Embassy and JABA, the American Chamber of Commerce in Jordan. Some 100 speakers and guests heard the Ambassador preview the conference, and introduce key American guests. The Ambassador took the opportunity to spotlight American products to be exhibited at the show, noting that more U.S.-made consumer goods were more widely available in Jordan at reasonable prices, thanks to the FTA.

3. (U) The Oct. 22-23 conference saw three panels on trade and investment in Jordan as an access point to the U.S. and other markets, three panels on Iraq and Jordan as a gateway to this opening market, and a more general panel discussion on outsourcing in Jordan.

4. (SBU) Jeremy Greenstock's keynote address on "Iraq for the Iraqis" held the packed room spellbound for 45 minutes with a recitation on CPA goals in Iraq, what would be required to make Iraq truly a country led by and for Iraqis, the current security situation and prospects for improvement, along with factors business-persons might weigh as they considered getting into Iraq. Greenstock opened the on-background remarks with a discussion of UNSC 1511 and an initial goal of delivering Iraq back to the Iraqis within 2004. He said that the basic steps included writing a constitution and holding a constitutional referendum, followed by elections and a new government taking over. There were variations on this basic scheme, he averred, and variations on timing. He also noted that the enemies of a reformed Iraq were ever-present and not to be treated lightly, but that the Iraqi people were coming to realize the true nature of these enemies. Noting that the security situation could be represented by a jagged line upward, Greenstock asked businesses to make a calculation weighing the need to get into the market early versus some security risk. He noted that Iraqis would give no credit to "fair-weather friends" and urged an attitude of confidence in the future tinged by realism about the present. Once businesses entered Iraq in numbers, he concluded, it would do Iraq a power of good, and eventually lead to many more positive developments and to business success.

A Networking Part

15. (U) Networking sessions and the trade exhibits promoted discussions among Iraqi businesses and authorities and potential trading partners and investors. CPA authorities were part of panels on accessing the Iraqi market, Iraq's economic and legal institutions, and Iraq's business climate. CPA contracting officials and other CPA officials were heavily booked during these break-out sessions.

Parts for Jordanian Officials

16. (U) Speaking on behalf of King Abdullah II, Deputy Prime Minister Mohammad Halaqa highlighted the "New Jordan": a meeting place in the region, a gateway to the region's markets, and a place for ideas to flourish. He noted the heavy regime of economic reforms the nation had undergone in the years before and since WTO accession in 2000, and the key role the private sector now played in partnership with the government. Echoing the king's words, Halaqa said that now Jordan must "deliver and perform" on its promise. There was "more to do" he said to make Jordan a more prosperous and progressive place to do business. Other GOJ speakers spoke of Jordan's attractive Qualifying Industrial Zones, which with Israeli content qualified for duty-free and quota-free access to the U.S. market. Other GOJ officials outlined the QIZ success story to date (from zero exports in 1997 to a projected \$500 million in exports to the U.S. in 2003), and how QIZs and the new Aqaba Special Economic Zone are set up.

A Part for American Officials

17. (U) Commerce DAS Williamson hailed Jordan's "tremendous flowering" as the first Arab country with an FTA. Jordan's steady economic growth and its transparency and competitiveness make it a leader in the region. Jordan's progress also reflects hope for a new era in the region and a new relationship with the U.S., she said. DAS Williamson reprised the goals of the Middle East Partnership Initiative (MEPI), for which Jordan could be held up as a model. New FTAs in the region would be harmonious and compatible, she said. She praised Jordan's growth in the bilateral relationship. Ambassador Gnehm in closing remarks reviewed the bilateral trade relationship, including strong growth in non-QIZ trade which may reach \$100 million in 2003. He reviewed other aspects of a deepening and widening relationship, from FMF and IMET in mil-to-mil ties, to Fulbright exchanges and cultural programs, to cooperation on counter-terrorism issues.

But A Conference Less than the Sum of its Parts

18. (SBU) COMMENT: Despite its success in promoting private sector participation in Iraq -- or perhaps because of it -- the AJEX conference was less successful in getting across Jordan's basic appeal as a place to invest for the long term. The two messages are fundamentally different: Iraq's appeal is as a potentially high payoff (and high risk) market; Jordan's advantage is as a reformed, market-oriented economy with access to regional Arab markets, unique QIZ and FTA access to the U.S. market, and proximity to Europe. AJEX promoters went all out to attract American participation, including with letters to key U.S. CEOs from the Royal Court. The response was disappointing. A competing Jordan-sponsored event in Washington the week before no doubt deflected would-be travellers. Potential U.S. participants, including officials, will have to show more support if AJEX is to survive into a third year.

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